

PUBLIC EMPLOYEES' RETIREMENT BOARD
100 N Park
Helena MT 59620

Board Legislative Committee Minutes
Tuesday February 06, 2007
1:30 PM

Committee Members: Troy McGee and Robert Griffith. John Paull, by phone.

Staff: Roxanne Minnehan, Melanie Symons, Scott Miller, Kim Flatow, Barbara Quinn, MPERA.

Other Attendees: Terrence Smith, board member, by phone; Stephen Kologi, AMPRE.

Public Comment – *No public comment.*

Approval of Committee Minutes from meeting of Tuesday, January 30, 2007.

Mr. McGee made a motion to approve the minutes; Mr. Paull seconded the motion. Minutes approved.

Executive Director's Report

HB125 (DC loan repayment bill) was heard on February 5, 2007. Scott Miller testified on the bill. Rep. David Kasten sponsored the bill as a proponent. Betty Lou Kasten spoke as a private citizen. David Ewer, Budget Director, also spoke in support of the bill as did Leo Barry of AMPRE. There were no opponents. Rep. Franke Wilmer had some questions regarding the bill as did Rep. Pat Ingraham who inquired as to the possibility of altering the plan design. Rep. Dennis Himmelberger inquired if the plan was available to new hires. Information provided by Kathy Samson indicates that approximately 3-4% of PERS member are in the DC plan with 9% of new hires joining the DC plan.

HB 129 (General Revision Bill) is not currently scheduled for hearing in any Senate committee. HB 131, HB 63, and HB 95 have been moved from House Appropriations to House State Administration.

MPERA president, Carole Carey, will be testifying on HB 131 on February 8, 2007 as will Roxanne Minnehan, Executive Director.

Stephen Kologi stated that the retirees are in favor of retaining the 3% GABA rather than rely on ad-hoc increases.

Bill Review

HB 2 has been heard in Committee. There are several hearings on this bill.

HB13 - State pay plan. Questions were asked in the Feb 2 hearing as to what would happen of the bill is not approved by the House. Tom Schneider spoke of the state employee strike in April 1991.

HB63 – Actuarially funding the teacher retirement system. This is the teachers’ bill that will give the TRS a \$100 million infusion, but will keep GABA at 1.5 percent. PERB is *monitoring*. This bill has been moved from House Appropriations to House State Administration. It was heard on Monday, February 5th. David Senn, Executive Director of TRS spoke on this bill, as did David Ewer, Budget Director, and Tom Bilodeau, MEA. There were two opponents of this bill, Bob Vogel, MT School Boards and Darrell Rudd, Deputy Director Administrators. A discussion of various contracts for a school superintendents ensued with various questions from committee members including Rep. Hal Jacobson. One inquiry regarding the increase in employer contributions rates for the TRS. No further action is scheduled.

HB67 – Clarify poll of Legislature for administrative rules. PERB is *tracking*. This bill has passed out of the House and into the Senate.

HB95 – Provide increase in employer contribution to optional retirement program. This bill is in the House Appropriations Committee. PERB is *monitoring*.

HB108 – State withholding for pensions, annuities, and other deferred income. It is in the House Taxation Committee. PERB lobbyists have provided informational testimony. PERB is currently *neutral and informational* on this bill. This bill was heard on January 12th in the Taxation committee and the bill was tabled.

HB293 – Allocate lottery money to teachers’ retirement system. PERB is *tracking*. This bill passed on is in the State Administration Committee. General feeling was a dislike of mixing money and not enough money to matter. TRS made a statement to point out that they have never received lottery money. A controversy is ongoing over mixing gambling with TRS. Over 30 years, the funds to be remitted to TRS is anticipated to be \$112.4 million. Lottery projections for next four fiscal years would be 8.8 million, 9.4 million, 9.9 million and 10.5 million.

HB337 – Permissive levy for firefighter disability insurance. PERB is *tracking* the bill. This bill currently has not yet been assigned to a committee.

HB544 – Allow for the withholding of dues from retirement pensions. PERB *opposes* this bill. It is anticipated a ½ time FTE would be required to track, monitor the processing of the dues. It would also open the door so that other organizations could request the same rights. This proposals starts with a mandate that the retiree group who belong to an organization comprise at least 50% of the active member number. There are anticipated amendments to this bill. Administrative rules would be drafted to direct the implementation of the bill. The PERB may be willing to accept this bill if funds were appropriated from the state general fund. John Paull

spoke of the need to require an application to process the deductions. It was the feeling of the committee that we are not in the deduction business. MPERA would be allocating funds to implement an option that would benefit less than ½ of the retirement population. The thought was this is not appropriate use of trust fund money.

HB559 – Increase exclusion of retirement benefits on state income tax. PERB will *monitor* the bill.

Senate Bills

SB7 – Legislative veto of administrative rules. This bill is in the Senate State Administration Committee. PERB is *neutral*.

SB11 – PERS exemption for legislative session staff (to extend legislative time from 6 months to 10 months). The PERB is *neutral and informational*. This bill is assigned to the Senate State Administration Committee. This bill was amended at our request during hearing to correct the election filing to match the extension.

SB33 – Procedures governing social security numbers and computer security breaches. PERB is *tracking*. The outcome of this bill will affect MPERA. It is in the Senate Local Government Committee.

SB47 – Clarify sponsor notification for administrative rules. PERB is *neutral*. This bill is in the Senate State Administration Committee.

SB63 – Increase board per diem. The PERB is *neutral* and will monitor. This bill increases per diem pay to \$82.00.

SB68 – Clarify confidential information for private equity funds for the BOI. The PERB is *tracking*. John Paull will provide additional information concerning this issue.

SB71 – Revise bill sponsor notification for administrative rules. PERB is *neutral and informational*. The bill has passed the Senate and is moved to the House.

SB72 – Require Senate confirmation of PERB nominations. PERB is *neutral*. Staff testified that PERB has no objection to this bill at the last hearing on January 12, 2007. The bill has passed the Senate and is moved to the House.

SB113 – Increases meal reimbursement rates for state employees. The PERB is *tracking*. This bill passed the Senate on second reading. The increase changes meal rates to 85% of the federal rates.

SB168 – Transfers public employee accrued leave into post-retirement health care account. This bill does not include comp time. Employee contributions are paid on all lump sum distributions so it does not affect the system but does impact the retirement benefit. This bill is assigned to the

Senate State Administration committee. MPERA was there as informational testimony on January 24th. This bill may need a retirement fiscal note. The PERB is *informational*. No action.

SB175 – Prohibits application of rule until the rule is effective as law. The bill is assigned to Senate State Administration Committee. PERB is *neutral and informational*. The bill was heard January 19th. Melanie was at the hearing.

SB 176 – Recovery of expenses for challenging rule adopted in violation of MAPA rules. PERB is *neutral*. This bill is in the Senate State Administration Committee. Tabled in Committee at sponsor request.

SB 177- passed to other chamber.

SB197 – Divestiture of investments in terrorist nations. This bill is in the Senate Finance and Claims Committee. This bill prohibits the Board of Investments from investing in companies providing assistance to terrorists or doing business in nations determined by the US government to be terrorist states. This includes companies such as Chevron, ConocoPhillips, Coca-Cola and Halliburton. This would affect the pension trust funds. The Board Legislative Committee recommends *opposing* this bill and supporting the Board of Investments. The bill was tabled at sponsor request.

SB247 – Revise a minimum benefit in the highway patrol retirement system. This bill is in the Senate State Administration Committee. This bill eliminates the 5% cap on the minimum benefit adjustment for non-GABA members. PERB lobbyists are asked to discuss the intent of this bill with the sponsor, Senator Elliott. Sponsor requested amendment to replace 5% cap with 10% instead of eliminating the cap. Revised fiscal note requested by Committee. The PERB is *opposing* due to no funding. Roxanne Minnehan and Kim Flatow met with Senator Elliott and provide information that verified that HPORS members who elected the minimum benefits were financially ahead of those HPORS members who elected GABA.

SB340 – Withdrawal of administrative rules by governor.

Un-Introduced Legislation

All un-introduced legislation is being monitored.

LC18 – Thirty year actuarial funding. Board will monitor.

LC21 – Annual actuarial valuations. Board will monitor and provide information if requested.

LC24 – Retirement system reports on actuarial costs.

LC976 – Increase retirement income exclusion on state income tax.

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LC1591 – Voluntary EMT retirement system. Rep. Bob Bergren is proposing a retirement system for EMT, based on a bed tax fee. This retirement plan would be similar to VFCA and it would take approximately 10 years before the system would become active.

Other Business

Terry Smith referenced Rep. Scott Sales, speaking on the radio of a DCRP for all new hires. John Paull stated he would provide information for the committee regarding SB 68.

There being nothing else to come before the committee, Mr. Griffith, Chair, adjourned the meeting at 3:05 pm.